



# GROUP OVERVIEW

(1) "DISSEMINATED BY MERCURY PUBLIC AFFAIRS, LLC, A REGISTERED FOREIGN AGENT, ON BEHALF OF SOVCOMBANK PJSC.  
MORE INFORMATION IS ON FILE WITH THE DEPT. OF JUSTICE, WASHINGTON, DC".



# WHO WE ARE



# WHO WE ARE

## » BANK FOR LOW- & MODERATE-INCOME CLIENTS

- 76% of 8M retail clients have low- to moderate-income
- Granular base of small-ticket retail accounts and deposits
- Serving 200 thousand SME daily

## » HIGH STANDARDS OF CORPORATE GOVERNANCE

- Robust corporate governance
- Highly comprehensive compliance practices
- An undisputed leader in ESG banking in Russia

## » EXTERNAL CAPITAL RAISE

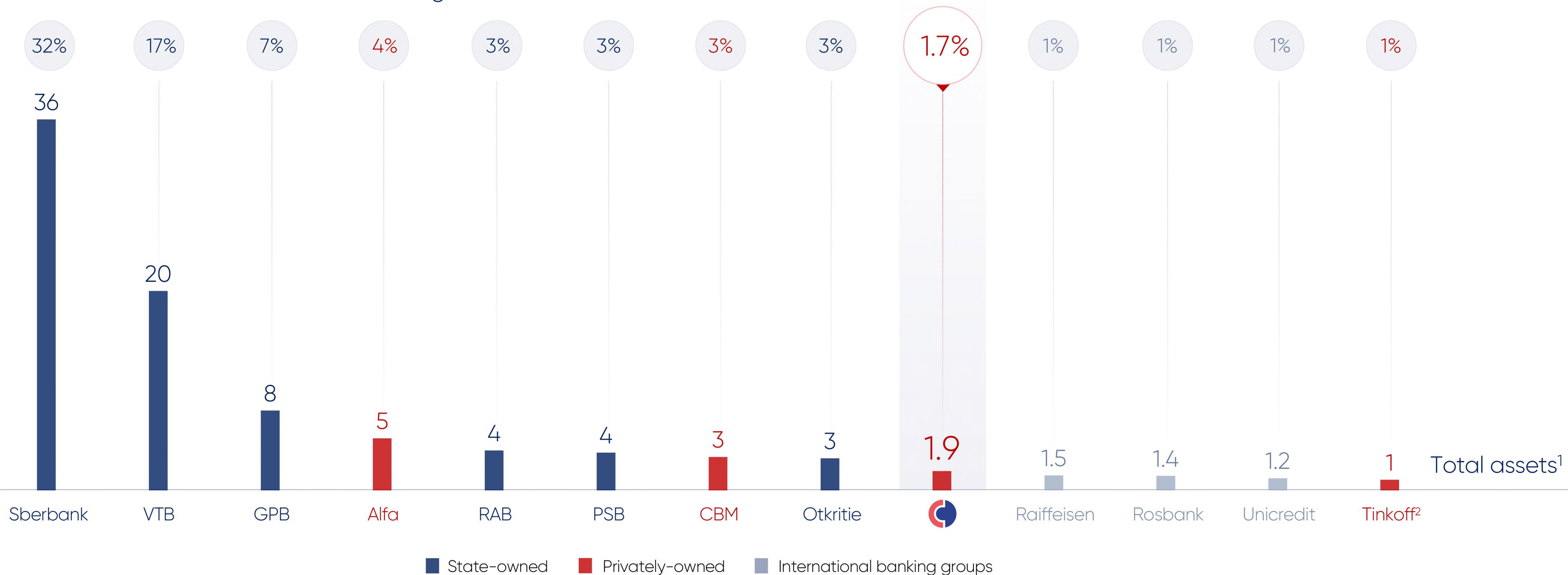
- \$1.2 billion of international Eurobond issuances, mainly from Western investors
- History of syndicated loans mostly from U.S. and EU banks
- Institutional foreign shareholders (\$500 million market value)



# LIST OF RUSSIAN SIFI

The bank represents 1.7% of Russian banking sector

Share in total assets of Russian banking sector





# SERVING MILLIONS OF RETAIL CLIENTS

present in

78

federal subjects  
out of 85

1050

towns  
mainly with population  
below 50 thousand

2601

Branches and  
minibranches  
Majority – in remote  
towns and villages

serving

8m

customers  
81% are low- to  
medium-income

employing

23k

staff  
73% are women

Supporting millions of retail clients of multinational companies exited Russia in 2014–2022:





# PENSIONS AND EMPLOYMENT INSURANCE (EI)

Sovcombank Life (ex. MetLife Russia) manages pension funds and EI of 102 U.S. and EU companies in Russia

## 127

Companies,  
mainly U.S., EU  
and Japanese  
multinationals

## \$40M

Assets of clients  
of retirement  
savings programs

## 46

Russian subsidiaries of major  
U.S. companies

Russian subsidiaries of major U.S.  
companies:

- banks and insurance companies,
- consulting,
- pharmaceuticals,
- oil & gas,
- chemical,
- food,
- machinery and equipment,
- IT and telecommunications

## 56

Russian subsidiaries of EU  
companies

The largest companies in Europe:

- banks,
- consulting and law firms
- pharmaceuticals,
- machinery and equipment,
- IT and telecommunications,
- logistics,
- FMCG

## 25

Other, including  
17 Japanese  
companies



# AN UNDISPUTED LEADER IN ESG

## SUSTAINABLE FINANCE

**\$900m** On-balance sheet financing green projects

**\$1.4bn** Organized green bonds for customers

**\$300m** Social Eurobond issued in 2021  
Majority acquired by U.S. and EU institutional investors

## EMPLOYEES

**76** Employee NPS

**Less than 3%** Gender pay gap

**Top-20** Best employer by employee satisfaction

## COMMUNITY

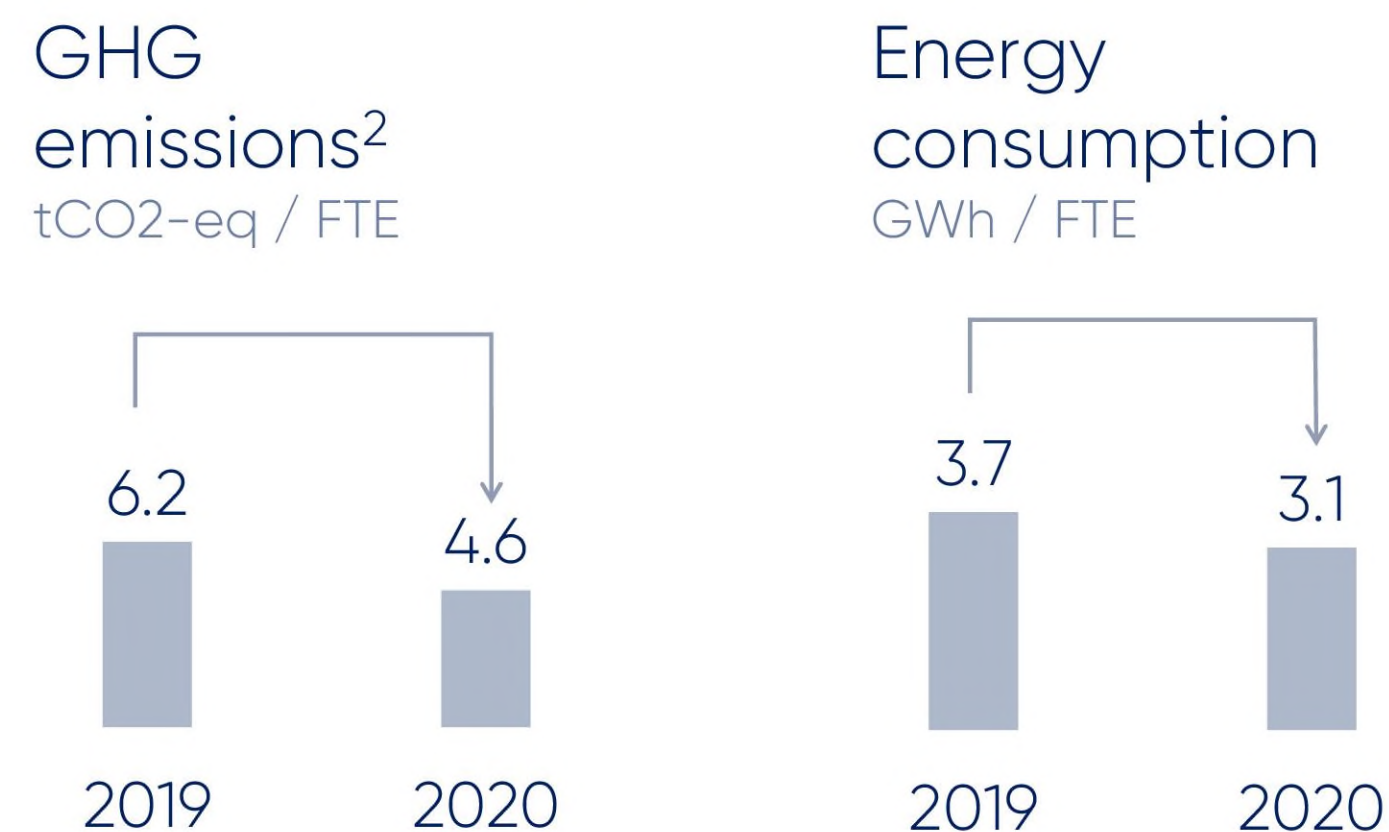
**4m** Active Halva clients<sup>1</sup>

**514k** SMEs have access to digital procurement through Sovcombank<sup>1</sup>

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**COVID support** **₽40bn** Financing provided to hit by COVID-19 SME-s

## ENVIRONMENTAL IMPACT



## OUR TARGETS

**Net-zero**  
GHG emissions by 2030

**Green office**  
by 2023

**50% loans**  
linked to ESG factors by 2030

**SME support**  
Lending, customer acquisition,  
access to procurement

**> 70**  
Employee NPS

**Risk-management**  
based on ESG factors by 2023

**40% women**  
in top management by 2025



# MEMBERSHIP IN GLOBAL ESG INITIATIVES

Sovcombank is the only Russian bank – member of several international organizations and initiatives

**WE SUPPORT**



UN Global Compact

UN SDGs

*Founding Signatory of:*



PRINCIPLES FOR  
RESPONSIBLE  
BANKING

Principles for Responsible  
Banking UNEP FI



Net Zero Banking Alliance  
(NZBA)



ISO 26000



UN Environment Programme Finance  
Initiative (UNEP FI)



Global Reporting Initiative (GRI)



The Task Force on Climate-related  
Financial Disclosures (TCFD)





# ESG GOVERNANCE AND DECISION-MAKING

In The Bank's Supervisory Board members have substantial knowledge and expertise in the industry at an international level, ensuring a robust approach to ESG matters.

Our corporate governance model complies with Russian legislation and the requirements of the Central Bank of Russia. The Bank takes account of the key recommendations from the Basel Committee and the Financial Stability Board, as well as the Principles of Corporate Governance developed by the G20 and the Organization for Economic Co-operation and Development.

## ESG GOVERNANCE STRUCTURE



## ESG COMMITTEE

Sovcombank established an ESG Committee, which is responsible for overseeing the Bank's activities in the field of sustainable development. Its tasks include monitoring the Bank's work for compliance with the accepted obligations and recommendations of international standards.

Independent Director Regina von Flemming, prominent Russian ESG, serves as the chairperson of the ESG Committee since September 2020.

The Committee reports to and recommends the Bank's Supervisory Board on its activities on a quarterly basis. The Bank's Supervisory Board oversees the implementation of its sustainable development goals, and reviews sustainability report.

## Independent directors



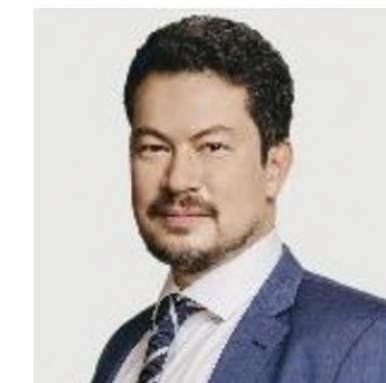
**Nikolai Varma<sup>1</sup>**

Senior Independent director  
Head of Compensation Committee



**Regina von Flemming<sup>1</sup>**

Independent director  
Chairperson of ESG Committee  
Chairperson of Audit Committee



**Joel Raymond Lautier<sup>1</sup>**

Independent director  
Head of Strategy Committee

1. Nikolai Varma, Regina von Fleming, and Joel Raymond Lautier are not employees and do not participate in the operational management of the Group



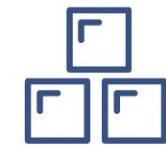
# DIVERSITY, EQUALITY, AND INCLUSION

Sovcombank treats all aspects of diversity, equality, and inclusion, allowing us to attract top talents and attain innovative results. We understand that it is essential to provide the most comfortable working environment for all our employees with the support of our corporate pillars and vision.

Our primary target within diversity and equality area is to ensure gender balance at top management positions. We also strive to minimize the turnover rate of employees by implementing a special strategies including a process to ensure equal professional development conditions for all employees. We provide support, mentoring, and promote diversity, equality, and inclusion principles to encourage and empower our employees accelerating their careers at every level.

**36%** **WOMEN IN  
TOP-MANAGEMENT  
POSITIONS**

Sovcombank, already a leader in Russia, sets an ambitious goal to reach 40% women in top management by 2025



## PILLARS:

### Responsible business leaders

The management team formed to address principles of equality assesses issues of diversity, equality, and inclusion sets the strategic direction, and shares its progress objectively and transparently.

### An enabling environment

A diverse and inclusive environment allows people to perform at their very best and underpins a culture in which everyone feels they have an equal opportunity to belong and build a career.

### Decisive action

The Bank develops comprehensive policies and plans for employee retention, staffing, and advancement and remains focused on nurturing talent.



## VISION:

- We create a diverse and equal environment for all employees and customers.
- We focus on rectifying any and all gaps in equality.
- We are aware of our current need to achieve greater excellence in diversity, equality, and inclusion.



# EMPLOYEE FACTS AND FIGURES

## EMPLOYEES HIRED IN 2020

**7k**  
hired



**5k**



**2k**

## INTERNAL EDUCATION

**6k**  
Employees

**200+**  
Learning  
courses

**25k**  
Learning  
hours

## EMPLOYEE BENEFIT PROGRAMS

**5.1k**  
Medical insurances

**2.3k**  
Sponsored fitness  
memberships

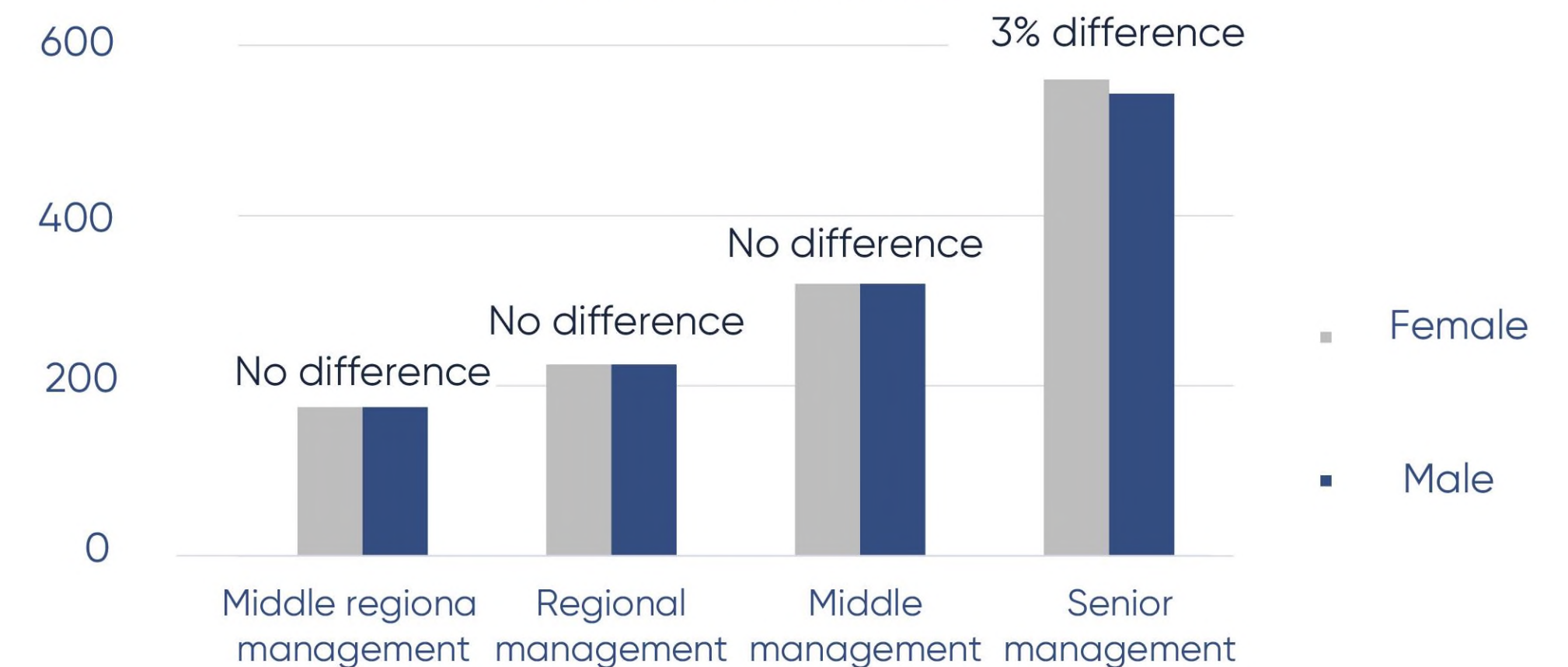
**2.4k**  
Sponsored English  
courses

**less than 3%**  
gender pay gap

Average gender pay gap:

- Russia: 30% (women earn about 70% of what men earn in wages)
- USA: 20%
- EU: 14%

## GENDER PAY GAP, K RUB



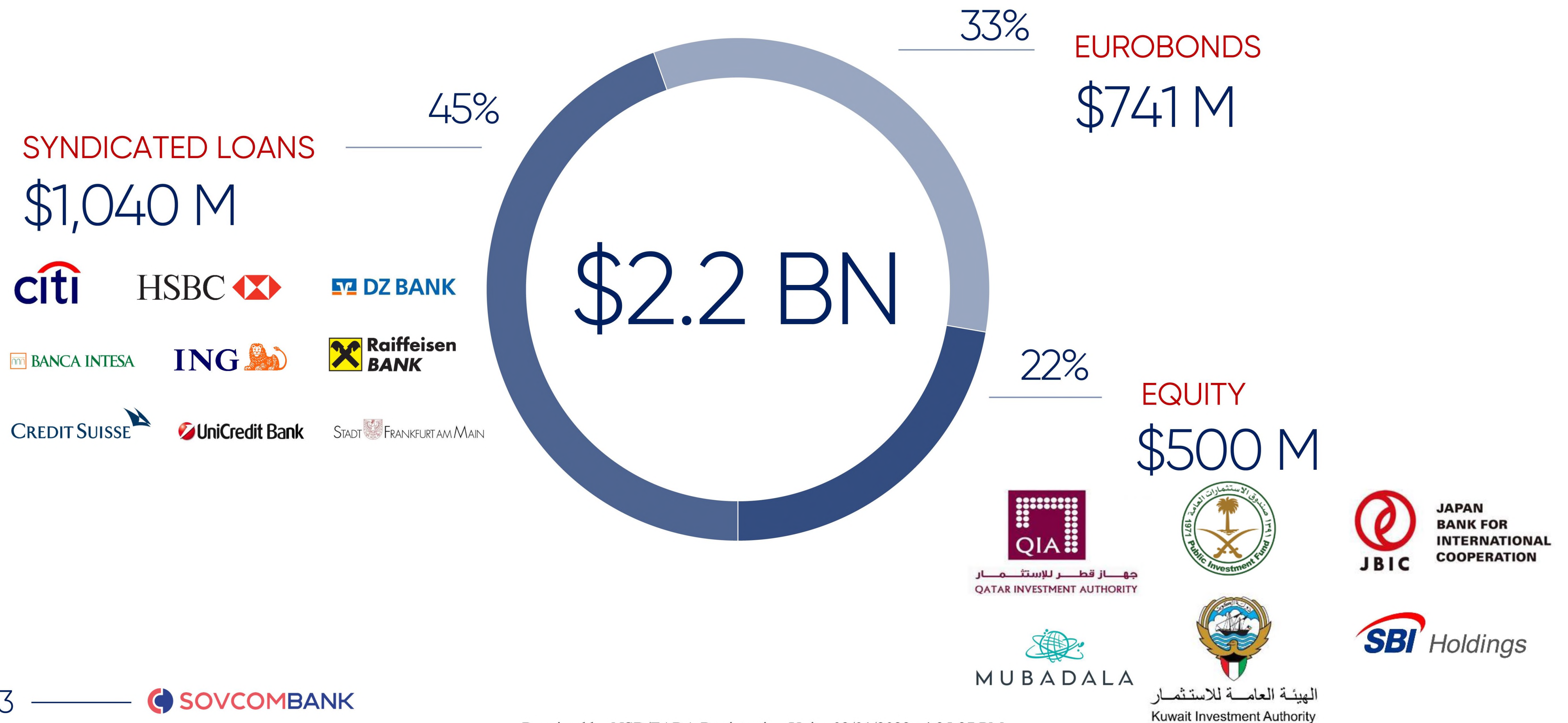




# RETAIL FUNDING AND CAPITAL MARKETS TRACK RECORD



# FOREIGN INVESTORS IN SOVCOMBANK





# RETAIL FUNDING

₽BN

1 million retail clients, mainly LMI<sup>(1)</sup>, trust Sovcombank with their savings

1 million  
depositors

\$8k  
average account  
balance

1 year  
average  
term



Nominal value \* market volume

# EUROBONDS

Out of \$1.2 billion outstanding bonds, 62% funds bought by the U.S. and EU investors

AS AT 31 DEC'21

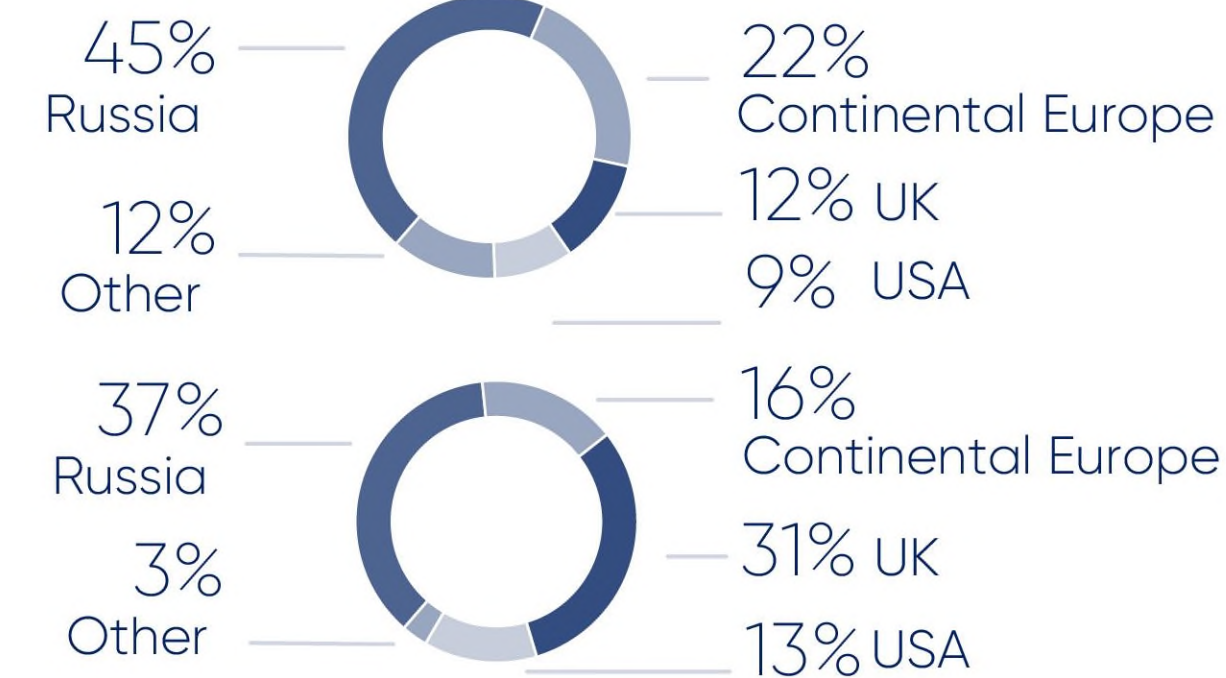
Placement date \$ MLN

% of Western investors

## TIER 1 CAPITAL

2020 300

2021 300

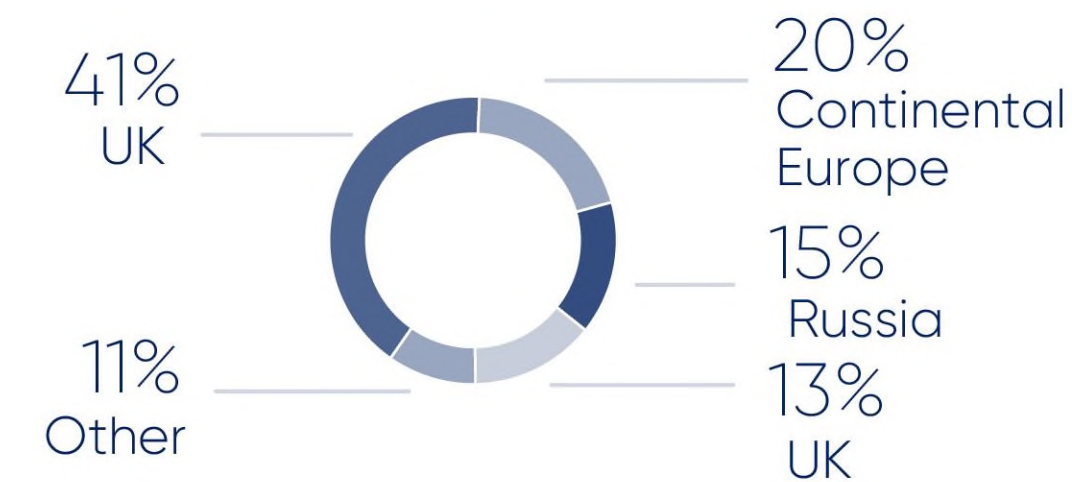


43% \$129 mln

60% \$180 mln

## TIER 2 CAPITAL

2020 300



74% \$222 mln

## SOCIAL EUROBOND

The next page contains  
more details on this bond

2021 300



70% \$210 mln



# FIRST EVER SOCIAL EUROBOND FROM CIS

Eurobond to finance socially important projects issued in 2021

\$300M

Amount

3.40%

Coupon

4 years

Maturity date

Jan 2021

Pricing date

- The lowest ever coupon for non-IG issuer out of CEEMEA
- The only FIG non-DFI social bond out of CEEMEA
- Third-party opinion by Sustainalytics

Global Coordinator, Joint Bookrunner

**J.P.Morgan**

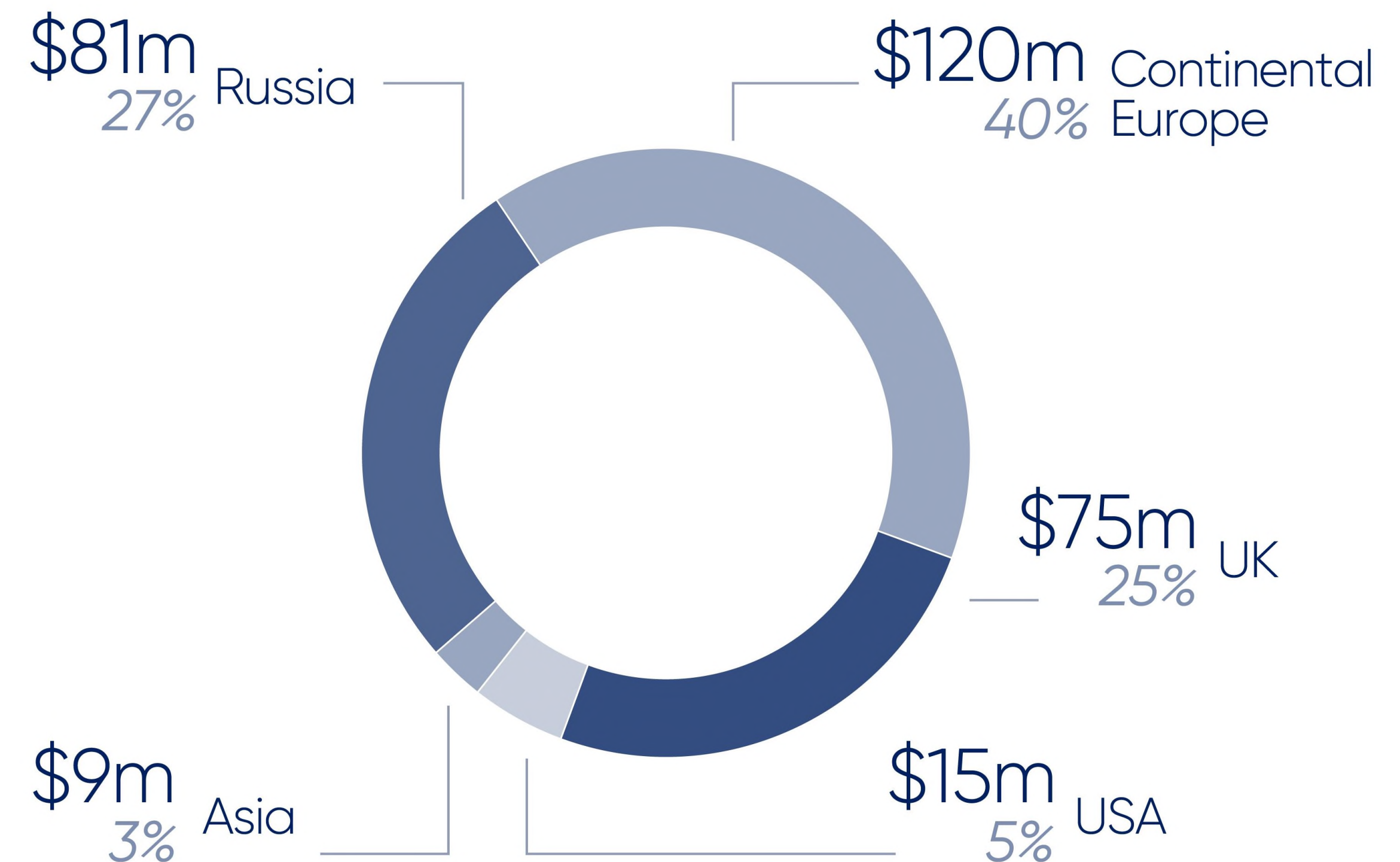
Joint Social Structuring Agent

**HSBC** 

Legal advisors

**LATHAM &  
WATKINS** LLP

**Baker  
McKenzie.**





# SOCIAL BOND FRAMEWORK

Social Bond Framework is aligned with the ICMA Social Bond Principles

## USE OF PROCEEDS

- Zero interest instalment card portfolio for vulnerable clients ("Halva card")<sup>1</sup>
- 82% clients have monthly disposable income below \$700
- ICMA Social Bond Category: Access to Essential Services

## MANAGEMENT OF PROCEEDS

- Maintaining and growing the portfolio of Halva loan portfolio
- Maximum allocation period is 2 years

## PROJECT EVALUATION

- CIB division reviews the use of proceeds for alignment with the eligibility criteria on ongoing basis
- Followed by management of proceeds and reporting facilitation

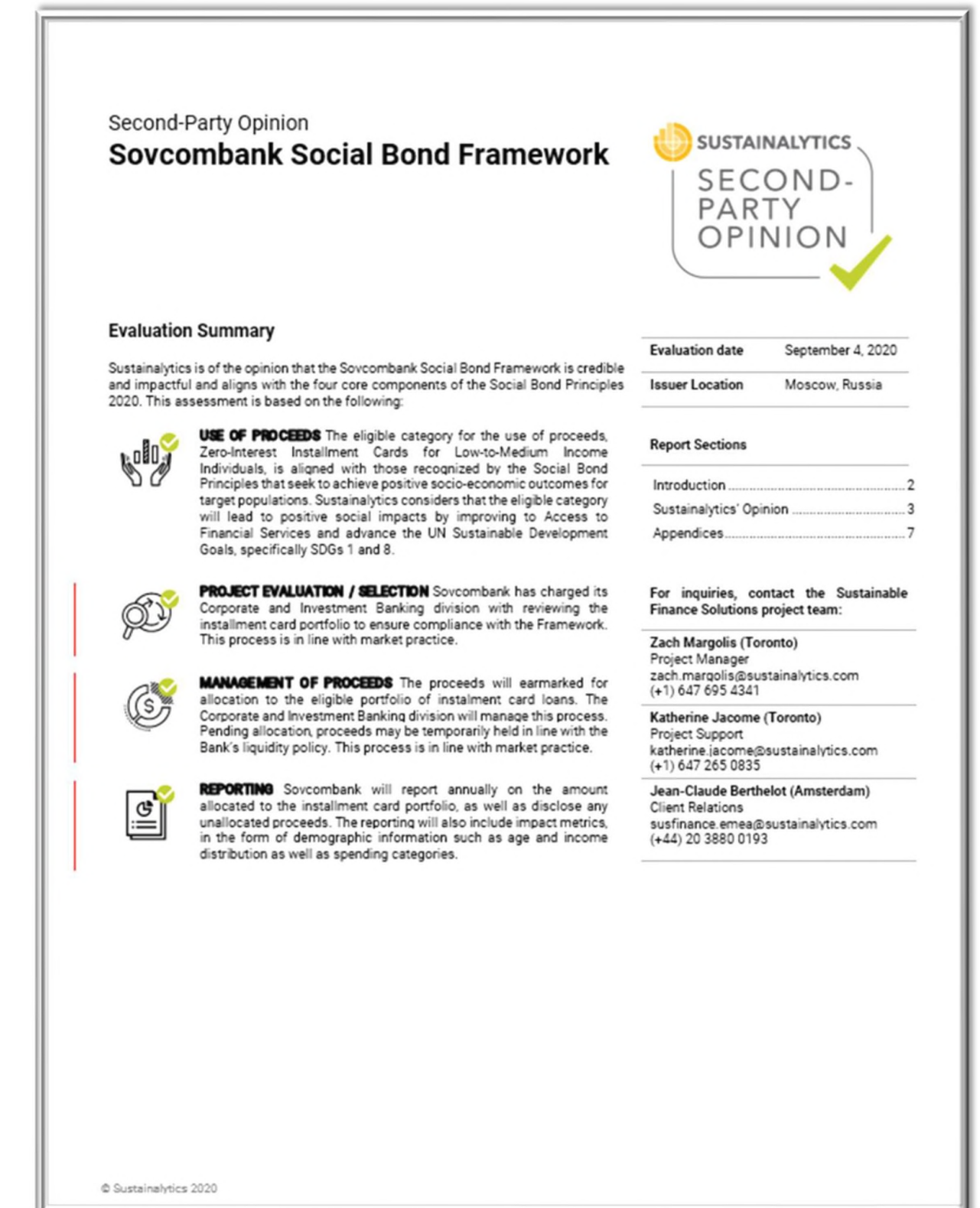
## REPORTING

- Annual allocation report until full utilization of the net proceeds, or until the Social Bond maturity date



# INDEPENDENT OPINION ON SOCIAL BOND

- ✓ Sovcombank Social Bond Framework is credible and impactful and aligns with the four core components of the Social Bond Principles 2020.
- ✓ The eligible category for the use of proceeds is aligned with those recognized by the Social Bond Principles, and will lead to positive social impacts by improving to Access to Financial Services and advance the UN Sustainable Development Goals.
- ✓ Corporate and Investment Banking division is in charge for reviewing the instalment card portfolio to ensure compliance with the Framework, which is in line with market practice.
- ✓ The proceeds will be earmarked for allocation to the eligible portfolio of instalment card loans. Pending allocation, proceeds may be temporarily held in line with the Bank's liquidity policy, which is in line with market practice.



**HSBC** 

Joint Social Structuring Agent



Second-Party Opinion Provider

**J.P.Morgan**

Joint Social Structuring Agent and  
Development Finance Structuring Agent



# TIER 2 EUROBOND

Eurobond issued in 2019

\$300M

Amount

8.00%

Coupon

10,5 years

Maturity date

5,5 years

Call-option

BB

Fitch rating

Sep 2019

Pricing date

Joint Global Coordinators

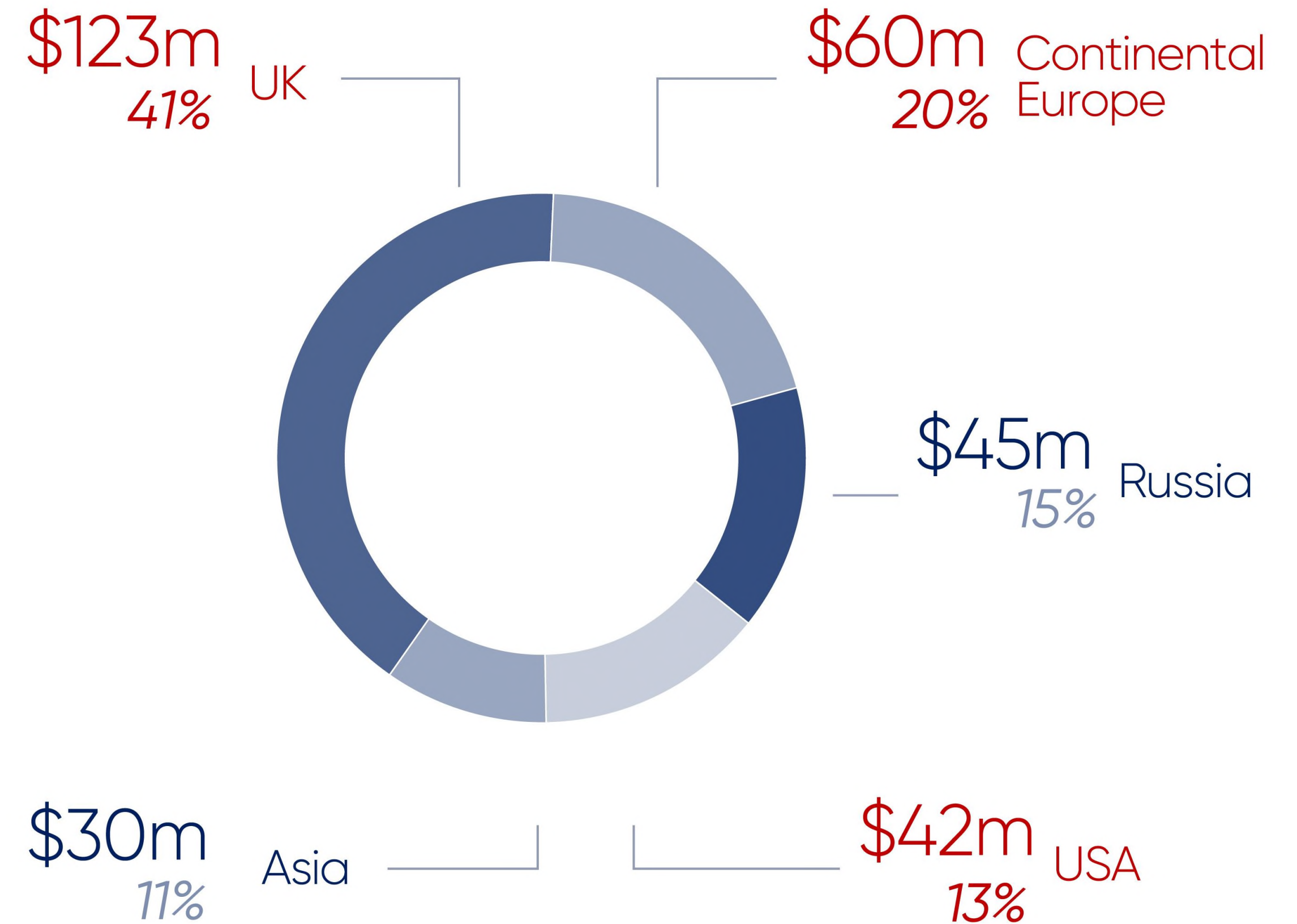


Legal advisors

**LATHAM &  
WATKINS** LLP

**Linklaters**

## INVESTORS





# AT1 EUROBOND

Eurobond issued in 2020

\$300M

Amount

7.75%

Coupon

Perpetual

Maturity

5,25 years

Call-option

B

Fitch rating

Jan 2020

Pricing date

Global Coordinator and Joint Bookrunner

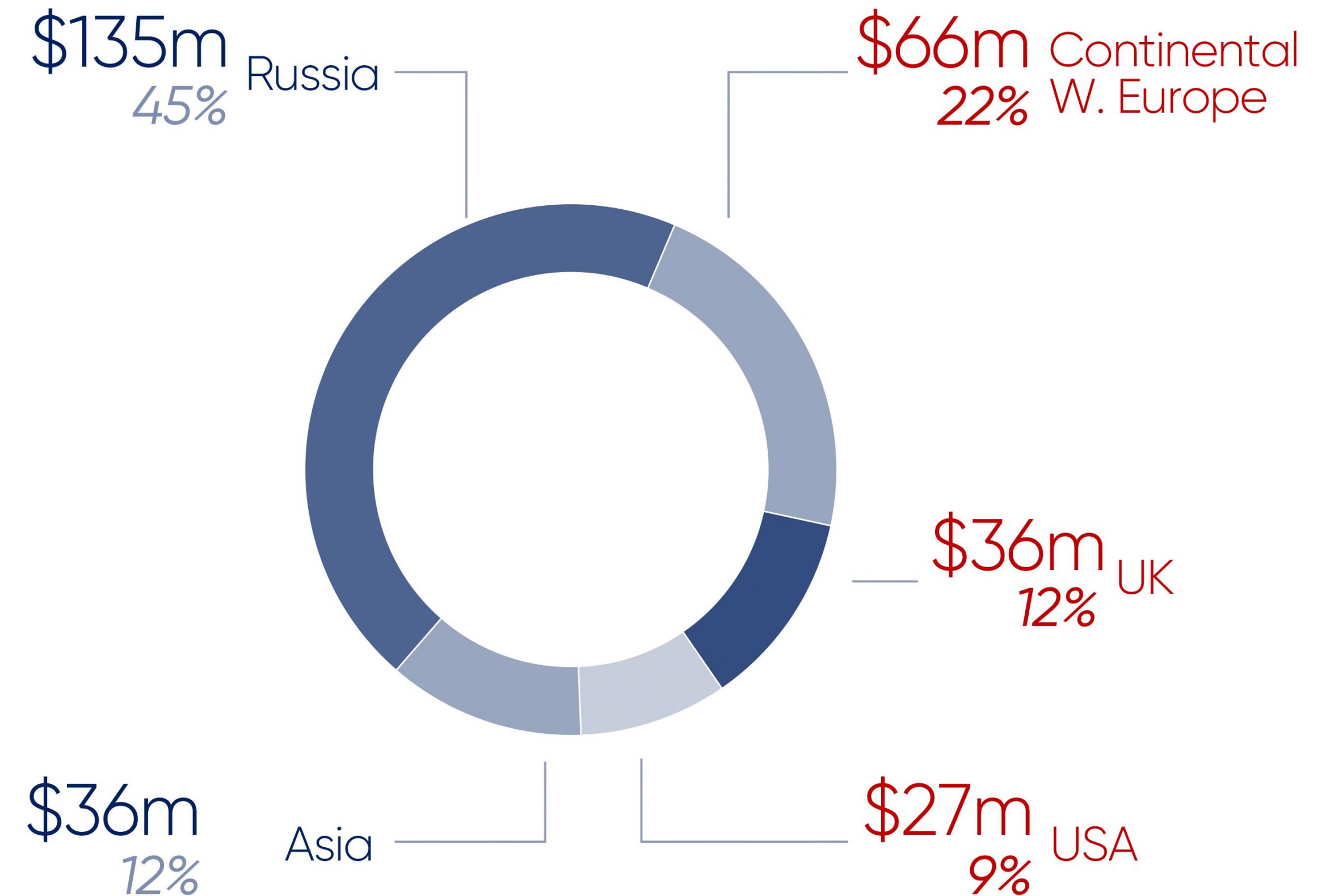
## J.P.Morgan

Legal advisors

**LATHAM &  
WATKINS** LLP

**Baker  
McKenzie.**

### INVESTORS





# AT1 EUROBOND

Eurobond issued in 2021

\$300M

Amount

7.60%

Coupon

Perpetual

Maturity

5,25 years

Call-option

B2 /B

Moody's / Fitch ratings

Nov 2021

Pricing date

Joint Global Coordinator and Joint Bookrunners

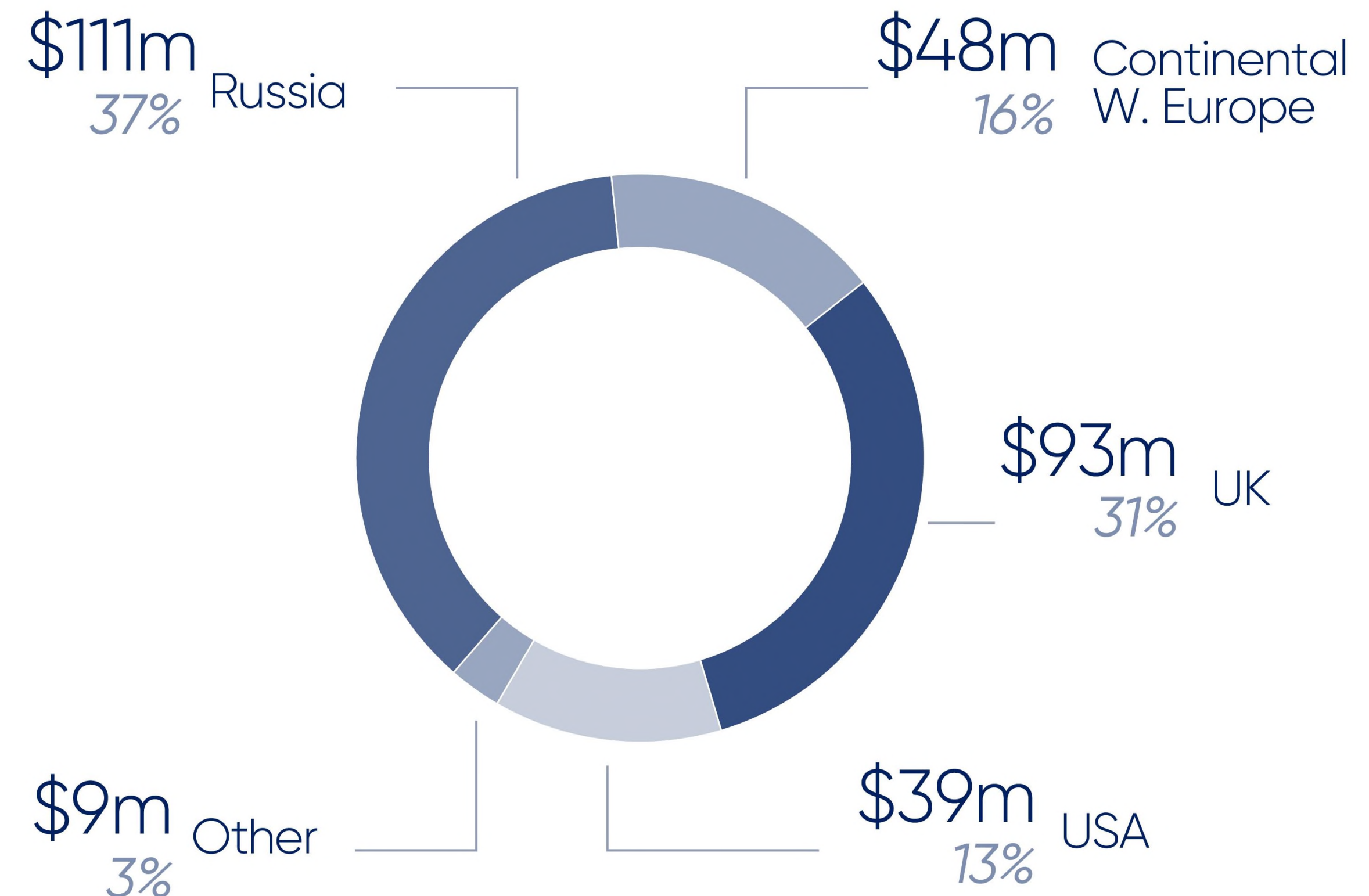
## J.P.Morgan

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McKenzie.**

### INVESTORS





# INTERBANK – KYC AND COMPLIANCE

Sovcombank is one of the most internationally oriented banks in Russia.

Its operations and compliance procedure are in line with the international policies and recommendations. These KYC and DD procedures are under the ongoing review and audit by the global financing institutions all around the world.

Sovcombank on a regular base provides AML/KYC calls with relative departments of global banks in order to verify the compliance of such policies with the best international principles and practices.

As a result Sovcombank has huge volume of credit and other lines for different types of transactions. Among other Sovcombank is actively involved in SME trade finance transactions supporting export-import business with Europe and other parts of the world.

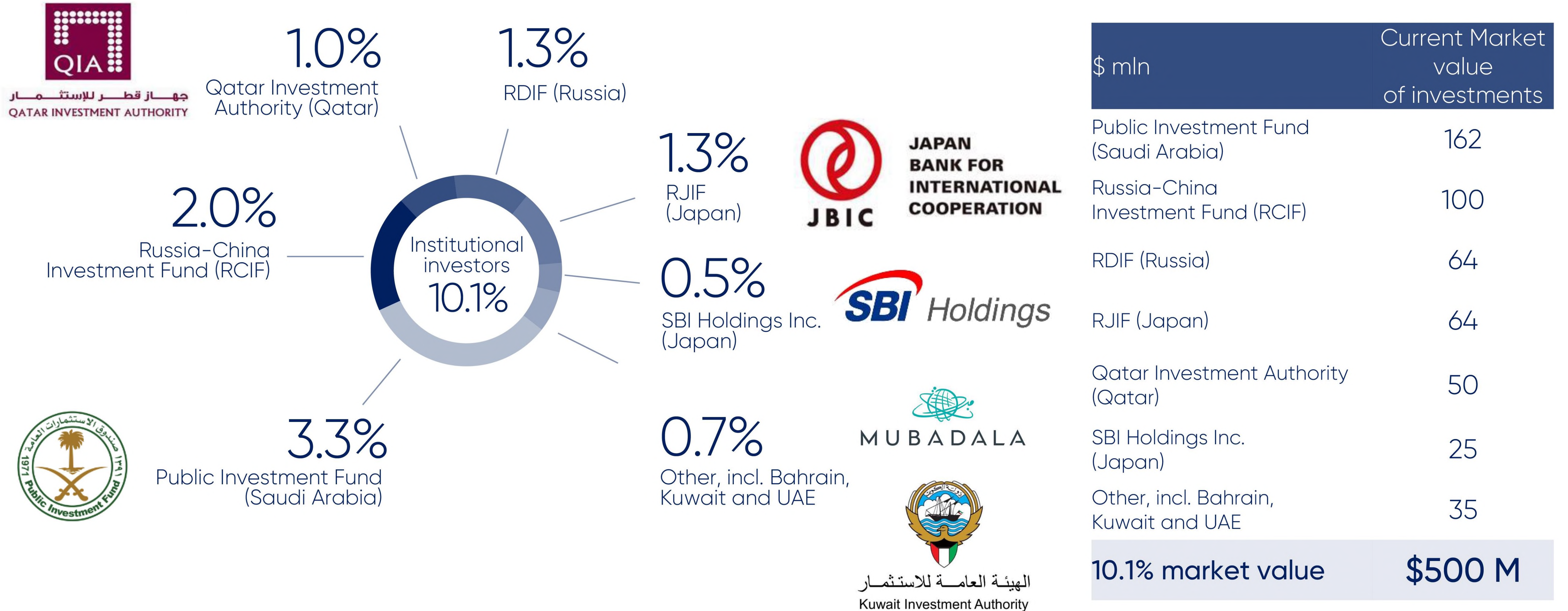
Acting counterparts:

- The Bank of New York Mellon
- Citibank N.A. (and its subsidiaries in Europe)
- J.P.Morgan Bank N.A. (and its subsidiaries in Europe)
- Goldman Sachs (and its subsidiaries in Europe)
  
- Commerzbank
- HSBC
- ING Bank
- Credit Suisse
- UBS
- Societe Generale
- UniCredit Bank
- Intesa Sanpaolo
- Raiffeisenbank
- KBC
- BSTDB



# ₹16 BN (\$250M) EQUITY RAISED IN 2018-19

Investments from Sovereign Wealth Funds from Russia, Middle East, China and Japan







# NATIONAL CONSUMER LOYALTY PROGRAM "HALVA"



# NATIONAL LOYALTY PROGRAM HALVA

Interest free financing for daily and big ticket purchases for low- to medium income clients

5%  
Russian  
population<sup>1</sup>

4M

ACTIVE CLIENTS



20%  
Russian retail,  
offline & online

209k

PARTNER-SHOPS

LEADING LOYALTY PROGRAM  
PLATFORM IN RUSSIA

INTEREST-FREE  
INSTALLMENT

PLUS INSTALMENT CARD  
& DEBIT CARD

STRONG  
NETWORK EFFECT

Source: company disclosure

1. % of the Russian population aged above 20 years, according to Rosstat

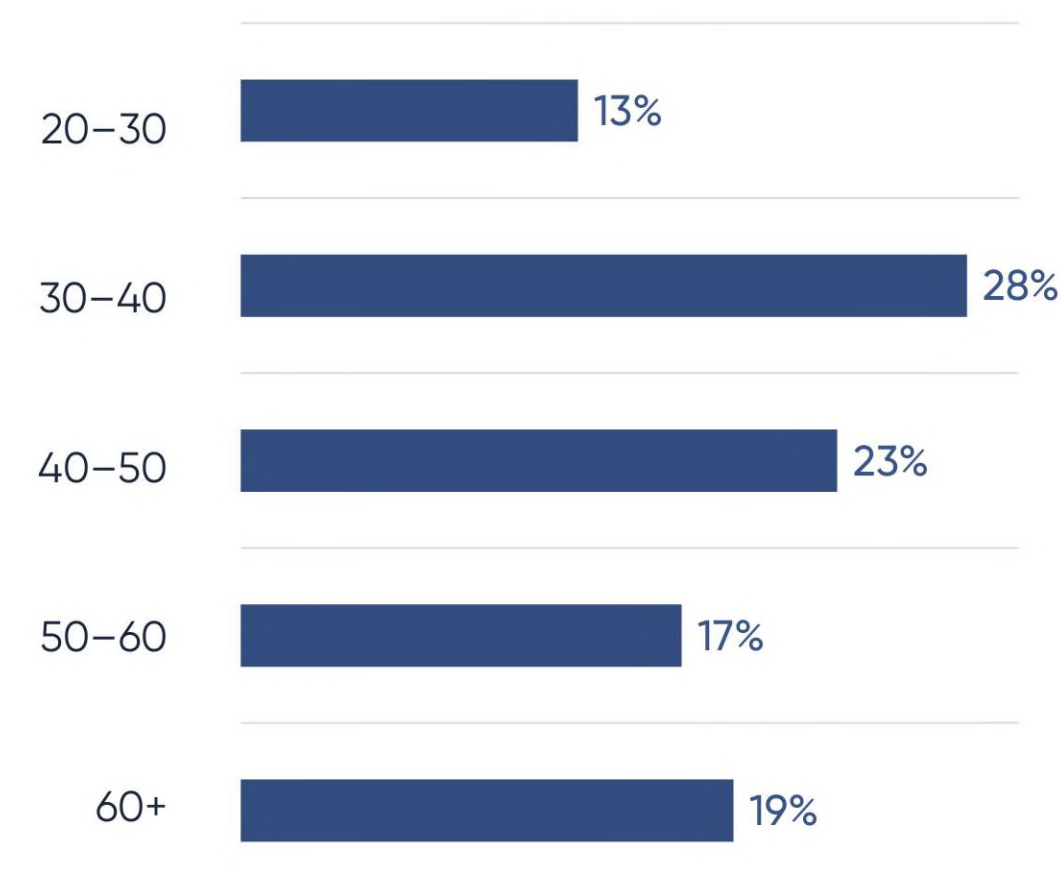


# HALVA AND FINANCIAL INCLUSION

Socially orientated Halva is aimed to both support our customers and society in general

- The Halva installment card provides low- and moderate-income customers with affordable monthly **interest-free installment** loans for purchases of goods and services from the Group's 209K partner shops and thereby promotes the financial inclusion and improves overall access to financial services.
- Halva card serves a wide variety of customers from various demographics and operates across all Russian regions.
- Customers can apply for a Halva card at any of the Group's branches, through a call center, or via online.
- Customers are approved for Halva cards based on an assessment of their financial situation, in order to calculate a credit limit that prevents over-indebtedness.

AGE DISTRIBUTION OF HALVA CARD HOLDERS



## KEY IMPACT METRICS



**82%**

Customers with income less than \$700



**19%**

Customers 60+



**76%**

Spending in socially important categories<sup>1</sup>



**₽27 K**

Average balance



# HALVA AND BUSINESS PARTNERSHIPS

209k online and offline partner-shops, which represent approximately 20% of all Russian retail

The Halva platform supports the Group's SME business.

While participating in Halva program, partners obtain extra benefits that promote an increase in profits and allow businesses to grow at little extra costs:

- Increases total transaction volume,
- Increases the average cheque,
- Promotes more frequent consumer purchases,
- Attracts new customers,
- Allows the implementation of target marketing.



With the Halva card we support local business and community and foster job creation.

## KEY IMPACT METRICS



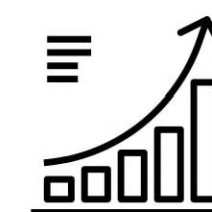
**68%**

SME partners



**250 BLN**

Transactions in  
2020



**+49%**

Growth rate of  
transactions YoY



**2/3**

Purchases in partner  
shops



